### \$10,750,000

# CALIFORNIA SCHOOL FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS

# (ALLIANCE MARGARET M. BLOOMFIELD TECHNOLOGY ACADEMY HIGH SCHOOL PROJECT)

## **SERIES 2013**

# (TAXABLE QUALIFIED SCHOOL CONSTRUCTION BONDS - DIRECT SUBSIDY) EXECUTIVE SUMMARY

### **RESOLUTION 13-23**

**Borrower:** 7907 Santa Fe Avenue Charter Facilities LLC

Project User: Alliance College-Ready Public Schools, a California nonprofit

public benefit corporation (Alliance), doing business as Alliance Margaret M. Bloomfield Technology Academy High

School

Loan Amount: Not to exceed \$10,750,000

**Expected Issuance:** June 15, 2013

**Project:** The proceeds of the Bonds will be used by the borrower to

acquire the land located at 7907 Santa Fe Avenue, Los Angeles County, California and to construct, furnish and equip charter school facilities to be owned by 7907 Santa Fe Avenue Charter Facilities LLC and leased to Alliance Margaret M. Bloomfield Technology Academy High School (the "Project").

**Bond Type:** Qualified School Construction Bonds (Taxable and Direct

Subsidy)

**Project Location:** 7907 Santa Fe Avenue, Huntington Park CA 90255

County: Los Angeles

District in which Project is

**Located:** Los Angeles Unified School District

Charter Authorizer: Los Angeles Unified School District

Est. Annual Payment: Approximately \$682,500

Expected Rating(s): Non-rated

Structure: Direct Subsidy Qualified School Construction Bonds with a

final principal payment date not to exceed the date set by the

Fed (currently 25 years)

Sale Method: Privately Placed with Local Initiatives Support Corporation

(LISC), Low Income Investment Fund (LIIF), and Nonprofit

Finance Fund (NFF)

Placement Agent: Robert W. Baird & Co.

Bond Counsel: Ballard Spahr LLP

### I. Background

7907 Santa Fe Avenue Charter Facilities LLC ("Borrower") is requesting conduit Qualified School Construction Bond (QSCB) financing, not to exceed \$10,750,000 to finance the acquisition, construction, and equipping of educational facilities ("Facility") and (ii) pay certain costs of issuance of the Series 2013 Bonds. The facility will be acquired, constructed, and equipped by the Borrower and leased to Alliance Margaret M. Bloomfield Technology Academy High School ("Charter School"). The Borrower will lease the Facility to Alliance for use as the Charter School.

### II. The Project User and Borrower

Alliance Margaret M. Bloomfield Technology Academy High, a public charter school will serve 600 grade 9-12 students in the South Los Angeles community on a 190-day, single track, non-year-round calendar. The first official year of regular instruction for the 2014-2015 school year.

The Charter School is an independent public charter school developed by the Alliance College-Ready Public Schools, a non-profit organization that will work with the Los Angeles Unified School District to help provide solutions to overcrowding, to improving academic performance and college-readiness in high schools. The Charter School will provide data on its programs and serve as a laboratory to test, demonstrate, and disseminate information on effective practices that lead to improved student outcomes, teacher quality and increased parent involvement. The Charter School will provide another educational option for parents as provided in *No Child Left Behind*.

According to information obtained from the borrower, the purpose of The Charter School is to establish and maintain the highest quality educational program for high school students in a small school environment with small learning communities that are focused on assuring that students achieve proficient to advanced student performance on state standards and on preparing all students to enter and succeed in college.

### III. Financial Structure

The Series 2013 Bonds will be designated by the Authority as "qualified school construction bonds" for purposes of Section 54F of the Internal Revenue Code of 1986, as amended (the "Code") and the Authority will elect to receive a direct subsidy payment in the form of a refundable tax credit (the "Direct Payment") pursuant to Section 6431(f) of the Code.

The Series 2013 Bonds shall be secured solely by the Trust Estate, which includes the rights and interests of the Authority under the Loan Agreement. The Series 2013 Bonds will be repayable from revenues of the Borrower including lease payments received by the Borrower from Charter School under the Lease Agreement dated as of June 1, 2013 (the "Lease") between the Borrower, as lessor and the Charter School, as lessee, and Direct Payments.

The proceeds from the sale of the Series 2013 Bonds will be used to assist in financing the costs of acquiring, constructing and equipping the charter school facilities located at 7907 Santa Fe Avenue in Los Angeles County, California to be operated by the Charter School and any other land, buildings and equipment owned or leased by the Charter School relating to such school Facility.

Simultaneously with the issuance of the Series 2013 Bonds, the Charter School will provide to the State Controller of the State of California (the "Controller"), a notice (the "Intercept Notice"), including a schedule of transfers to the Trustee for amounts to become due and payable under the Series 2013 Bonds to intercept certain amounts apportioned by the State (the "Intercept") pursuant to Section 17199.4(a)(1) and (4) of the Education Code.

## IV. Security and Source of Payment

The Bonds will be payable through the intercept of the Borrower's revenue limit, block grant and categorical block grant apportionments pursuant to California Education Code, Section 17199.4(a), Direct Payments and a pledge of the gross revenues of the Borrower. In addition, the property will be subject to a deed of trust for security on the bonds. No interest in separate facilities will be used to support the bonds.

The Borrower is expected to use its \$660,000 award under CSFA's Charter school Facilities Credit Enhancement Grant Program to fund a debt service reserve fund for the Bonds.

## V. Preliminary Sources and Uses of Bonds

Sources				
Alliance Sub Debt	\$1,297,500			
CDFI QSCBs	\$10,750,000			
Total	\$12,047,500			
Uses				
QSCB Construction	\$9,820,000			
QSCB Cap I	\$715,000			
QSCB COI	\$215,000			
QSCB Uses	\$10,750,000			
Alliance Cap I	\$862,500			
Alliance COI	\$435,000			
Alliance Uses	\$1,297,500			

### VI. The Project

The acquisition of and construction of an approximately 30,000 square foot educational facility located at 7907 Santa Fe Avenue in Los Angeles County, California. The project will support Alliance Margaret M. Bloomfield Technology Academy High School, a new Blended Learning for Alliance School Transformation (BLAST) school that uses technology to increase efficiencies in staffing and facilities while allowing for more direct contact with the teacher by utilizing smaller learning groups. The area of the project will be used to facilitate the education of approximately 600 students in grades 9 through 12 and will include 18 classrooms and administration space.

#### VII. Borrower Financial Data

Attached at Exhibit A is a schedule of the Alliance's 5 year budget and Alliance Margaret M. Bloomfield Technology Academy High School 5 year budget.

## VIII. Due Diligence Undertaken to Date

A limited amount of informal due diligence has been conducted as to the structure of the financing and the legal entities involved. Standard opinions of counsel, including that the Borrower is validly existing and in good standing and has authority to enter into the financing documents, which are valid and binding, will be delivered at closing.

### IX. Staff Recommendation

Staff recommends CSFA approve Resolution Number 13-23 in an amount not to exceed \$10,750,000 for 7907 Santa Fe Avenue Charter Facilities LLC subject to final financing terms acceptable to CSFA.

# Exhibit A 5 Year Budget Projections

Allian Cash Flow Projection/Budget  Sumptions ools (not including planning) Traditional Blended BLAST Total number of schools  Dilment Grade 6 Grade 7-8 Grade 9-12 Total enrollment	Actual Through 3/31/2013  17 2 2 21 855 1,747 6,861	Year 1 FY 2012-13  17 2 2 21	Year 2 FY 2013-14  17 2 2 21	Year 3 FY 2014-15  17 2 4 23	Year 4 FY 2015-16	Year 5 FY 2016-17
ssumptions ools (not including planning) Traditional Blended BLAST Total number of schools bliment Grade 6 Grade 7-8 Grade 9-12	3/31/2013 17 2 2 21 855 1,747	FY 2012-13  17 2 2 21	FY 2013-14  17 2 2	FY 2014-15  17 2 4	FY 2015-16 17 2	<b>FY 2016-17</b>
ssumptions ools (not including planning) Traditional Blended BLAST Total number of schools bliment Grade 6 Grade 7-8 Grade 9-12	3/31/2013 17 2 2 21 855 1,747	FY 2012-13  17 2 2 21	FY 2013-14  17 2 2	FY 2014-15  17 2 4	FY 2015-16 17 2	<b>FY 2016-17</b>
ools (not including planning) Traditional Blended BLAST Total number of schools  bliment Grade 6 Grade 7-8 Grade 9-12	3/31/2013 17 2 2 21 855 1,747	FY 2012-13  17 2 2 21	FY 2013-14  17 2 2	FY 2014-15  17 2 4	FY 2015-16 17 2	<b>FY 2016-17</b>
ools (not including planning) Traditional Blended BLAST Total number of schools  bliment Grade 6 Grade 7-8 Grade 9-12	3/31/2013 17 2 2 21 855 1,747	FY 2012-13  17 2 2 21	FY 2013-14  17 2 2	FY 2014-15  17 2 4	FY 2015-16 17 2	<b>FY 2016-17</b>
ools (not including planning) Traditional Blended BLAST Total number of schools  bliment Grade 6 Grade 7-8 Grade 9-12	17 2 2 2 21 855 1,747	17 2 2 2 21	2 2	2 4	17 2	17
Traditional Blended BLAST Total number of schools  Dilment Grade 6 Grade 7-8 Grade 9-12	2 2 21 855 1,747	2 2 21	2 2	2 4	2	
Traditional Blended BLAST Total number of schools  Dilment Grade 6 Grade 7-8 Grade 9-12	2 2 21 855 1,747	2 2 21	2 2	2 4	2	
Total number of schools  Dilment Grade 6 Grade 7-8 Grade 9-12	2 21 855 1,747	21	2	4		_
Total number of schools  bliment Grade 6 Grade 7-8 Grade 9-12	855 1,747	21			6	2
Dilment Grade 6 Grade 7-8 Grade 9-12	855 1,747		21	23		8
Grade 6 Grade 7-8 Grade 9-12	1,747	850			25	27
Grade 6 Grade 7-8 Grade 9-12	1,747	850				
Grade 7-8 Grade 9-12	1,747	000	070	1 000	1 170	1 220
Grade 9-12		1 710	870	1,020	1,170	1,320
	0,001	1,740	1,740	1,740	1,890	2,190
Total enrollment		6,855	7,855	8,660	9,110	9,560
	9,463	9,445	10,465	11,420	12,170	13,070
Private Grants and Contributions [Note 1]	\$ 6,484,516	\$ 7,174,193	\$ 6,348,590	\$ 5,073,709	\$ 4,338,683	\$ 2,900,000
Federal Revenue [Note 2]	12,382,352	16,620,066	16,945,730	20,638,912	21,614,623	22,721,613
State Revenue [Note 3]	48,496,286	54,673,843	60,746,211	66,902,954	72,782,673	79,722,407
_ocal Revenue [Note 4]	9,757,082	12,205,273	13,523,365	14,905,035	16,281,010	17,922,155
Other Revenue	1,856,445	1,845,274	1,948,856	2,026,809	2,076,682	2,136,933
venue	78,976,681	92,518,649	99,512,752	109,547,419	117,093,671	125,403,108
3						
aries [Note 5]						51,366,686
efits						11,913,026
						13,478,120
						2,733,766
						5,152,383
						1,315,285
						7,314,883
						7,325,348
rest	5,832,242	7,459,025	8,512,464	9,511,443	10,260,738	11,043,957
penses	64,309,569	83,707,130	88,829,491	96,818,194	103,839,879	111,643,454
rolus	14.667.112	8.811.519	10.683.261	12.729.225	13.253.791	13,759,654
F-12-2						
Facility Costs	(15,630,060)	(6,900,792)	(13,710,396)	(2,000,000)	(2,000,000)	(2,000,000
ate Equipment Capital Additions [Note 10]	-	(1,322,695)	,	(2,558,445)	(2,622,406)	(2,687,966
er Capital Additions [Note 11]	(1,191,484)					(2,159,367
nge in Receivables/Other Assets [Note 12]	441,157					(2,280,895
	(4,342,955)	784,787	(856, 355)			(573,004)
-Cash Items	3,335,900	4,170,864	4,645,837	5,234,405	6,070,612	7,325,348
hange in Cash	(2 720 330)	(1 604 057)	(4 508 060)	9 222 208	10 252 856	11,383,769
95 04011	(2,720,000)	(1,504,651)	(1,000,000)	0,222,200	10,202,000	11,500,709
	52,435,102	52,435,102	50 831 044			05 707 000
Beginning of Year			50,831,044	46,232,084	55,454,382	65,707,238
e k	efits as and Supplies agreement Services [Note 6] assional/Consulting Services [Note 7] ities, Repairs and Other Leases [Note 8] inistrative [Note 9] eciation est  enses  plus  Facility Costs tet Equipment Capital Additions [Note 10] or Capital Additions [Note 11] or Receivables/Other Assets [Note 12] or Cash Items  anange in Cash	### 6,346,218 ### 6,346,218 ### 6,346,218 ### 6,346,218 ### 6,773,373 ### 6,773,373 ### 6,773,373 ### 6,773,373 ### 6,773,373 ### 6,773,373 ### 6,773,373 ### 6,373,373 ### 1,727,537 ##	#ifits	#its	effits         6,346,218         9,098,864         9,647,505         10,454,439           is and Supplies         6,773,373         8,866,735         9,778,186         10,984,907           agreement Services [Note 6]         1,727,537         2,302,090         2,130,454         2,342,428           assional/Consulting Services [Note 7]         3,173,481         4,780,871         4,481,840         4,719,687           ities, Repairs and Other Leases [Note 8]         2,338,587         2,028,655         1,909,166         1,874,865           inistrative [Note 9]         4,120,815         5,582,348         5,705,546         6,203,228           eciation         3,335,900         4,170,864         4,645,837         5,234,405           est         5,832,242         7,459,025         8,512,464         9,511,443           enses         64,309,569         83,707,130         88,829,491         96,818,194           plus         14,667,112         8,811,519         10,683,261         12,729,225           Facility Costs         (15,630,060)         (6,900,792)         (13,710,396)         (2,000,000)           ite Equipment Capital Additions [Note 10]         - (1,322,695)         (959,500)         (2,558,445)           rege in Receivables/Other Assets [Note 12]         441,1	#ifits 6,346,218 9,098,864 9,647,505 10,454,439 11,165,665 is and Supplies 6,773,373 8,866,735 9,778,186 10,984,907 12,112,106 is sand Supplies 6,773,373 8,866,735 9,778,186 10,984,907 12,112,106 is sain Services [Note 6] 1,727,537 2,302,090 2,130,454 2,342,428 2,521,367 is sain Older Leases [Note 7] 3,173,481 4,780,871 4,481,840 4,719,687 4,790,346 is ities, Repairs and Other Leases [Note 8] 2,338,587 2,028,655 1,909,166 1,874,865 1,678,478 in istrative [Note 9] 4,120,815 5,582,348 5,705,546 6,203,228 6,710,143 eciation 3,335,900 4,170,864 4,645,837 5,234,405 6,070,612 est 5,832,242 7,459,025 8,512,464 9,511,443 10,260,738 enses 64,309,569 83,707,130 88,829,491 96,818,194 103,839,879 enses 64,309,569 83,707,130 88,829,491 96,818,194 103,839,879 enses (15,630,060) (6,900,792) (13,710,396) (2,000,000) (2,000,000) it e Equipment Capital Additions [Note 10] - (1,322,695) (959,500) (2,558,445) (2,622,406) it e Equipment Capital Additions [Note 10] - (1,322,695) (959,500) (2,558,445) (2,622,406) it e Equipment Capital Additions [Note 11] (1,191,484) (1,074,215) (2,299,100) (1,571,530) (1,941,406) it e in Receivables/Other Assets [Note 12] 441,157 (6,073,524) (2,102,706) (2,059,248) (1,949,881) it ense (2,720,330) (1,604,057) (4,598,960) 9,222,298 10,252,856 it ense (2,720,330) (1,604,057) (4,598,960) 9,222,298 10,2

## **5 Year Budget Projections**

Alliance Margaret M. Bloomfield Technology Academy High School									
5 year Cash Flow Projection/Budget									
	FY 2014-15	FY 2015-16	FY 2016-17	Year 4 FY 2017-18	FY 2018-19				
Per Pupil Revenues	F1 2014-13	F1 2013-10	F1 2010-17	F1 2017-16	F1 2010-19				
General Purpose - net of in lieu tax revenue									
Grade 6	3,792.74	3.792.74	3,830.67	3,888.13	3,946.45				
Grade 7-8	3,947.74	3,947.74	3,987.22	4,047.03	4,107.73				
Grade 9-12	4,780.74	4,780.74	4,828.55	4,900.98	4,974.49				
Categorical Block	400.00	400.00	404.00	410.06	416.21				
Economic Impact Aid	315.00	315.00	318.15	322.92	327.77				
Special Ed (IDEA)	-	133.00	133.00	133.00	133.00				
Special Ed (AB602)	442.17	442.17	442.17	442.17	442.17				
Child Nutrition (federal) - Assuming 75% participation	577.53	577.53	577.53	577.53	577.53				
Child Nutrition (state) - Assuming 75% participation	58.59	58.59	58.59	58.59	58.5				
Title 1	457.56	457.56	457.56	457.56	457.56				
State Lottery	-	125.00	126.25	128.14	130.07				
In lieu of Property Taxes	1,360.26	1,360.26	1,373.86	1,394.47	1,415.39				
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18				
levenue	F1 2013-14	F1 2014-13	F1 2015-10	F1 2010-17	F1 2017-10				
Private Grants and Contributions									
Private grants and contributions, Unrestricted Private grants and contributions, Restricted	250,000	-	-	-					
Subtotal Private Grants and Contributions	250,000	-	-	-					
Federal Revenue									
Subtotal Federal Revenue	722,498	611,885	745,090	965,384	967,211				
State Revenue									
Subtotal State Revenue	854,501	1,828,628	2,766,970	3,737,831	3,787,097				
<u>Local Revenue</u>									
In lieu of Property Taxes	193,837	387,674	587,326	794,848	806,77				
Subtotal Local Revenue	193,837	387,674	587,326	794,848	806,77				
Other Revenue									
Sale of Equipment and Supplies	3,375	6,818	10,431	14,186	14,470				
School Fundraising	12,750	25,500	38,250	51,000	51,000				
Other Revenue	16,125	32,318	48,681	65,186	65,470				
otal Revenue	2,036,961	2,860,504	4,148,066	5,563,249	5,626,549				
expenses									
Salaries									
Total Salaries	706,000	1,094,840	1,559,723	1,838,907	1,875,685				
Benefits									
Total Benefits	188,122	279,812	395,134	458,066	467,227				
Books and Supplies									
Total Books and Supplies	187,304	356,322	529,378	705,624	712,41				
Subagreement Services									
Subagreement Services	29,700	58,479	88,700	120,107	122,509				
Professional/Consulting Services									
Professional/Consulting Services	201,755	284,294	400,347	525,515	531,99				
Facilities, Repairs and Other Leases									
Facilities, Repairs and Other Leases Administrative	173,850	347,877	522,352	697,198	697,942				
Total Administrative	123,350	168,367	216,394	266,274	271,59				
Depreciation									
Depreciation Expense	48,000	96,960	148,349	201,754	205,789				
Depreciation	48,000	96,960	148,349	201,754	205,789				
otal Expenses	1,658,081	2,686,951	3,860,376	4,813,445	4,885,155				
Tatal Complete (Deficia)	£ 270.000	A 470 FF0	f 207 CO4	£ 740.004	f 744 20				
otal Surplus (Deficit)	\$ 379,238	\$ 173,553	\$ 287,691	\$ 749,804	\$ 741,394				
Non-Cash Items	48,000	96,960	148,349	201,754	205,789				
Total Change in Cash	427,238	270,513	436,040	526,990	381,349				
Cash, Beginning of Year		427,238	697,751	1,133,791	1,660,781				
Cash End of Year	\$ 427.229	\$ 607.754	\$ 1 122 704	\$ 1 660 704	\$ 20/212				
Cash, End of Year	\$ 427,238	\$ 697,751	\$ 1,133,791	\$ 1,660,781	\$ 2,042,12				